

## Message Text

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46

ACTION EB-11

INFO OCT-01 AF-10 ADP-00 JUSE-00 L-03 COME-00 MC-02 TRSE-00

SS-15 NSC-10 STR-08 EUR-25 CIAE-00 INR-10 NSAE-00

RSC-01 RSR-01 /097 W

----- 086277

R 021428 Z MAY 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 7973

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

LIMITED OFFICIAL USE PRETORIA 1422

E. O. 11652: N/ A

TAGS: ETRD, BFOL, SF

SUBJECT: ANTI- TRUST CASE US VS IBM

REF: STATE 069913

CAPE TOWN ALSO FOR EMBASSY

1. FOLLOWING INFO IMMEDIATELY AVAILABLE TO EMBASSY. ( MATERIAL PREPARED BY COMMERCIAL OFFICER JOHANNESBURG) WE HAVE NOT ( RPT NOT) RAISED ISSUE WITH SAG OR IBM. ANSWERS KEYED TO PARAGRAPH NUMBERS REFTEL.

2. INTERNATIONAL BUSINESS MACHINES SOUTH AFRICA ( PTY) LTD., OPERATES AS A WHOLLY- OWNED SUBSIDIARY OF THE US CORPORATION. IBM WAS ESTABLISHED IN SOUTH AFRICA IN 1952. HEADQUARTERS PRESENTLY LOCATED IN TWO BUILDINGS IN DOWNTOWN JOHANNESBURG; NEW 22- STORY R 5 MILLION ( US \$7.1 MILLION) OFFICE BUILDING ( ADJACENT TO CARLTON CENTER) NOW UNDER CONSTRUCTION. EMBASSY UNAWARE OF ANY OTHER FACILITIES. REP SALES OFFICES MAINTAINED IN CAPE TOWN AND DURBAN. CAPITALIZATION ( JAN. 1971) ESTIMATED AT R 6 MILLION ( US \$8.5 MILLION). IBM SA FUNCTIONS  
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PRIMARILY AS MARKETING AND SERVICE ORGANIZATION IMPORTING EQUIPMENT FROM IBM- US AND SUBSIDIARIES IN UK, GERMANY AND FRANCE. NEWLY APPOINTED ( FEB. 1973) MANAGING DIRECTOR IS JOHN CLARKE, SA CITIZEN, PREVIOUSLY SALES DIRECTOR WHO JOINED IBM IN 1957.

3. PRINCIPAL COMPETITION: UK' S INTERNATIONAL COMPUTERS LTD. (ICL), INCORPORATED IN SA; US' HONEYWELL, UNIVAC ( SPERRY RAND DIVISION), NATIONAL CASH REGISTER, BURROUGHS, SINGER BUSINESS MACHINES AND CONTROL DATA; WEST GERMANY' S NIXDORF ALSO HAS LOCAL OPERATION. IBM HAS LION' S SHARE OF LOCAL COMPUTER/ DATA PROCESSING MARKET ( AROUND 70-75 O / O). COMPUTER INDUSTRY SA DID ESTIMATED R 36 MILLION ( US \$51.1 MILLION) WORTH BUSINESS 1970. BASED ON ABOVE 70 O/O FIGURE, IBM SHARE 1970 MARKET WOULD APPROXIMATE R 25.2 MILLION ( \$3:\$3 MILLION). OVERALL SALES OFF IN 1971 DUE SLUMP ECONOMY AND 5 O/O INCREASE IN SALES TAX ( TO 15 O/O) IMPOSED BY SAG MARCH 1971. UNIVAC AND BURROUGHS PRESENTLY JUDGED TO BE REAL COMERS IN MARKET.

4. SAG STATISTICS SHOW FOLLOWING TRADE UNDER BTN SECTIONS 84.53, 84.55.40 AND 84.55.50, F. O. B. PRICES ( IN MILLION RAND):  
1972:( BREAKDOWN BY COUNTRY NOT YET AVAILABLE)

|             |                |
|-------------|----------------|
| IMPORTS     | R 25.5 MILLION |
| EXPORTS     | .02 MILLION    |
| RE- EXPORTS | 1.4 MILLION    |

1971:

|         |                |         |               |
|---------|----------------|---------|---------------|
| IMPORTS | R 31.9 MILLION | EXPORTS | R 2.0 MILLION |
|---------|----------------|---------|---------------|

|            |      |        |    |
|------------|------|--------|----|
| USA        | 10.9 | FRANCE | .4 |
| UK         | 9.4  | UK     | .2 |
| FRANCE     | 3.5  | USA    | .1 |
| W. GERMANY | 4.4  |        |    |
| ITALY      | 1.5  |        |    |
| JAPAN      | .1   |        |    |

1970:

|         |                |         |               |
|---------|----------------|---------|---------------|
| IMPORTS | R 24.8 MILLION | EXPORTS | R 1.4 MILLION |
|---------|----------------|---------|---------------|

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|            |     |     |     |
|------------|-----|-----|-----|
| USA        | 9.5 | USA | .07 |
| UK         | 7.2 | UK  | .14 |
| FRANCE     | 2.4 |     |     |
| W. GERMANY | 1.6 |     |     |
| ITALY      | 1.5 |     |     |
| JAPAN      | .4  |     |     |

1969:

IMPORTS R 16.1 MILLION EXPORTS R .5 MILLION

|            |     |     |     |
|------------|-----|-----|-----|
| USA        | 7.0 | UK  | .1  |
| UK         | 5.3 | USA | .03 |
| FRANCE     | .6  |     |     |
| W. GERMANY | 1.7 |     |     |
| ITALY      | .5  |     |     |
| JAPAN      | .3  |     |     |

1968:

IMPORTS R 8.2 MILLION EXPORTS R .5 MILLION

|            |     |     |     |
|------------|-----|-----|-----|
| USA        | 2.5 | UK  | .1  |
| UK         | 3.9 | USA | .03 |
| FRANCE     | .4  |     |     |
| W. GERMANY | .5  |     |     |
| ITALY      | .5  |     |     |
| JAPAN      | .2  |     |     |

AUTOMATIC DIGITAL DATA PROCESSING MACHINES AND UNITS THEREOF ENTER DUTY FREE. MAGNETIC OR OPTICAL READERS, MACHINES FOR PUNCHING DATA ONTO PUNCHED CARDS AND VERIFYING MACHINES FOR PUNCHED CARDS, MACHINES FOR TRANSCRIBING DATA ONTO DATA MEDIA AND MACHINES FOR PRECESSING SUCH DATA ARE ALL SUBJECT 5 O/ O GENERAL TARIFF. BEGINNING MARCH 1971, ALL ABOVE ITEMS ALSO SUBJECT 15 O/ O SALES TAX. PARTS AND ACCESSORIES OF AUTOMATIC DIGITAL DATA PROCESSING MACHINES ( BTN 84.55.40) AND OF MACHINES FOR PROCESSING DATA PUNCHED CARDS ( BTN 84.55.50) SUBJECT TO 5 PERCENT GENERAL TARIFF REDUCED TO 2 PERCENT FOR MFN COUNTRIES. GOVERNMENT GAZETTE R 1989 OF NOVEMBER 3, 1972, SPECIFICALLY EXEMPTS ELECTRONIC DATA PROCESSING MACHINES, ANCILLARY AND PERIPHERAL EQUIPMENT FROM IMPORT PERMIT REQUIREMENTS IMPOSED DECEMBER 1957.

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5. SAG GENERALLY ENCOURAGES DEVELOPMENT OF DOMESTIC INDUSTRIES; HOWEVER, WE ARE NOT AWARE OF ANY SPECIFIC SAG POLICIES RE COMPUTER INDUSTRY. NO DISCRIMINATION AGAINST US IMPORTS.

6. NEGATIVE.

7. BREAK- UP OF IBM INTO SEVERAL BROAD- LINE COMPANIES WOULD PROBABLY GIVE COMPETITORS, BOTH US AND FOREIGN, BETTER CHANCE TO INCREASE THEIR MARKET SHARES INCLUDING COMPUTER BUREAU TIME SHARING FIELD. SAG HAS NOT TAKEN NOR TO OUR KNOWLEDGE IS CONTEMPLATING ANY ACTION AGAINST IBM FOR RESTRICTIVE BUSINESS PRACTICES.

8. DOUBTFUL. SAG LAW DOES NOT RPT NOT DEAL WITH MONOPOLIES  
PER SE BUT PROVIDES LEGAL ACTION IN CASES OF PRICE- FIXING.

9. ALL OF THE ABOVE INFORMATION MAY BE MADE PART OF THE PUBLIC  
RECORD IN THE US.

HURD

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Copy:** SINGLE  
**Draft Date:** 02 MAY 1973  
**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Previous Handling Restrictions:** n/a  
**Reference:** 73 STATE 069913  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** garlanwa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 11 JAN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <11-Jan-2002 by martinjw>; APPROVED <31-Jan-2002 by garlanwa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> mcm 971113  
**Subject:** ANTI- TRUST CASE US VS IBM  
**TAGS:** ETRD, SF, BFOL  
**To:** CAPE TOWN  
DURBAN  
EB  
JOHANNESBURG  
SECSTATE WASHDC  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

